

TOWN OF ABITA SPRINGS, LOUISIANA

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2017**



ERICKSEN KRENTEL LLP
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Board of Aldermen
Town of Abita Springs, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Abita Springs, Louisiana (the "Town"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



To the Honorable Mayor and Board of Aldermen
Town of Abita Springs, Louisiana
June 15, 2018

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Abita Springs, Louisiana, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of revenue, expenditures, and changes in fund balance – budget and actual, schedule of proportionate share of the net pension liability, and schedule of contributions – retirement plan, and the related notes to the required supplementary information on page 4 to 7 and 42 to 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying combining nonmajor governmental fund financial statements, schedule of compensation to aldermen and schedule of compensation, benefits and other payments to the agency head are presented to comply with the requirements issued by the State of Louisiana and are not a required part of the basic financial statements.



To the Honorable Mayor and Board of Aldermen
Town of Abita Springs, Louisiana
June 15, 2018

The schedule of compensation to aldermen and schedule of compensation, benefits, and other payments to the agency head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supporting schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2018, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Mandeville, Louisiana
June 15, 2018

Ericksen Krentel LLP
Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION – PART I

TOWN OF ABITA SPRINGS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

As management of the Town of Abita Springs, Louisiana (the "Town"), we offer residents of the Town this narrative overview and financial analysis of the financial activities of the Town as of December 31, 2017, and for the year then ended.

Overview of Financial Statements

The Town adopted Governmental Accounting Standards Board (GASB) Statement No. 34 on January 1, 2004. Under this pronouncement, the Town's basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Town's financial position and the results of its operations from differing perspectives, which are described as follows:

Government-Wide Financial Statements

The government-wide financial statements report information about the Town as a whole using an accounting method similar to that used by private-sector companies. The basis of accounting used is accrual accounting. The government-wide statements reflect all of the Town's assets (including capital assets) and all of the Town's liabilities. The two government-wide financial statements are as follows:

- **Statement of Net Position:** This statement presents information on all of the Town's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
- **Statement of Activities:** This statement presents information showing how the Town's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods.

Fund Financial Statements

A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. The Town has two types of funds:

1. *Governmental Funds* - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The Town's major governmental funds are the General Fund, the Shared Sales Tax Fund, the Special Sales Tax Fund, the Cemetery Fund, and the Debt Service Fund.

TOWN OF ABITA SPRINGS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2017

2. *Proprietary Funds* - These funds are used to account for activities that function in a manner similar to commercial enterprises. Proprietary fund financial statements typically provide a more detailed presentation of the information reported in the business-type activities portion of the government-wide financial statements. The Town's major proprietary fund is the Utility Fund.

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 18 of this report.

Financial Highlights

At December 31, 2017, the Town's assets exceeded its liabilities by \$4,215,378 (net position). Of this amount, \$46,243 (unrestricted net position) may be used to meet the Town's ongoing obligations to its citizens and creditors. The Town's total net position increased by \$219,211, for the year ended December 31, 2017.

At December 31, 2017, the Town's governmental funds reported combined ending fund balances of \$1,438,720. Compared to prior year, the total combined fund balance increased by \$125,877 for the year ended December 31, 2017.

Financial Analysis of the Town as a Whole

A condensed version of the government-wide Statements of Net Position is presented as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>2017</u>	<u>2016</u>
Assets				
Current assets	\$ 1,535,086	\$ 335,931	\$ 1,871,017	\$ 1,789,807
Other assets	28,525	471,679	500,204	420,531
Capital assets	<u>2,588,123</u>	<u>2,136,788</u>	<u>4,724,911</u>	<u>4,908,418</u>
Total assets	<u>4,151,734</u>	<u>2,944,398</u>	<u>7,096,132</u>	<u>7,118,756</u>
Total deferred outflows of resources	97,102	172,625	269,727	329,660
Liabilities				
Current and other liabilities	323,997	457,257	781,254	846,152
Long-term liabilities	<u>1,297,080</u>	<u>1,017,841</u>	<u>2,314,921</u>	<u>2,569,481</u>
Total liabilities	<u>1,621,077</u>	<u>1,475,098</u>	<u>3,096,175</u>	<u>3,415,633</u>
Total deferred inflows of resources	19,550	34,756	54,306	36,616
Net position				
Net investments in capital assets	1,464,713	1,780,788	3,245,501	3,124,862
Restricted	638,367	285,267	923,634	674,129
Unrestricted	<u>505,129</u>	<u>(458,886)</u>	<u>46,243</u>	<u>197,176</u>
Total net position	<u>\$ 2,608,209</u>	<u>\$ 1,607,169</u>	<u>\$ 4,215,378</u>	<u>\$ 3,996,167</u>

TOWN OF ABITA SPRINGS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2017

The net investment in capital assets amount represents 77% of total net position. Net investment in capital assets consists of land, buildings, and equipment, less any outstanding debt used to acquire those assets. The Town has elected not to retroactively record, as capital assets, its infrastructure that existed prior to adopting GASB 34.

A condensed version of the government-wide Statements of Activities is presented as follows:

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues						
Charges for services	\$ 39,305	\$ 44,103	\$ 1,734,165	\$ 1,460,730	\$ 1,773,470	\$ 1,504,833
Operating grants and contributions	18,163	17,276	-	-	18,163	17,276
Capital grants and contributions	-	4,834	59,417	46,990	59,417	51,284
General revenues						
Taxes	1,417,829	1,364,074	-	-	1,417,829	1,364,074
Licenses and permits	166,559	147,325	-	-	166,559	147,325
Fines and forfeitures	63,460	60,742	11,046	-	74,506	60,742
Investment earnings	1,435	1,479	257	236	1,692	1,715
Museum income	32,914	35,115	-	-	32,914	35,115
Other	118,210	98,511	15,480	15,480	133,690	113,991
Total revenues	<u>1,857,875</u>	<u>1,773,459</u>	<u>1,820,365</u>	<u>1,523,436</u>	<u>3,678,240</u>	<u>3,296,895</u>
Expenses						
General government	731,987	822,264	-	-	731,987	822,264
Public safety	354,807	346,473	-	-	354,807	346,473
Public works	424,834	349,345	-	-	424,834	349,345
Cemetery	6,299	16,017	-	-	6,299	16,017
Culture and recreation	49,748	84,503	-	-	49,748	84,503
Grants	18,905	18,699	-	-	18,905	18,699
Utilities	-	-	1,822,534	1,530,713	1,822,534	1,530,713
Interest on long-term debt	32,014	35,710	17,901	22,246	49,915	57,956
Total expenses	<u>1,618,594</u>	<u>1,673,011</u>	<u>1,840,435</u>	<u>1,552,959</u>	<u>3,459,029</u>	<u>3,225,970</u>
Change in net position	239,281	100,448	(20,070)	(29,523)	219,211	70,925
Net position – beginning	<u>2,368,928</u>	<u>2,268,480</u>	<u>1,627,239</u>	<u>1,656,762</u>	<u>3,996,167</u>	<u>3,925,242</u>
Net position – ending	<u>\$ 2,608,209</u>	<u>\$ 2,368,928</u>	<u>\$ 1,607,169</u>	<u>\$ 1,627,239</u>	<u>\$ 4,215,378</u>	<u>\$ 3,996,167</u>

TOWN OF ABITA SPRINGS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2017

Financial Analysis of the Major Funds

The Town's General Fund, Shared Sales Tax Fund, Special Sales Tax Fund, Cemetery Fund, and Debt Service Fund had increases in fund balances in the amount of \$36,613, \$31,541, \$23,956, \$5,311, and \$34,948 respectively, for the year ended December 31, 2017. Total governmental fund amounts are different from governmental activities due to capital assets and long-term debt.

Amounts reported for business-type activities in the Town's individual funds are identical to business-type activities reported in the government-wide presentation.

Budget Highlights

As required by law, the Town adopted a budget for its General Fund, Shared Sales Tax Fund, Special Sales Tax Fund, and Cemetery Fund.

Capital Asset Administration

For governmental activities, capital assets, net of accumulated depreciation, decreased by \$80,212 for the year ended December 31, 2017, as a result of depreciation expense exceeding purchases of assets for the year. For business-type activities, capital assets, net of accumulated depreciation, decreased by \$103,295 as a result of depreciation expense for the year.

Debt Administration

The Town's total long-term debt decreased by \$244,335 during the year ended December 31, 2017, as the result of regularly scheduled debt payments exceeding new debt issues.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances. Questions concerning this report or the need for additional information should be directed to Kathy Armand, Municipal Clerk, P.O. Box 461, Abita Springs, Louisiana 70420.

BASIC FINANCIAL STATEMENTS

TOWN OF ABITA SPRINGS, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	<u>PRIMARY GOVERNMENT</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 983,158	\$ 81,505	\$ 1,064,663
Equity in pooled cash	111,568	-	111,568
Receivables, net of allowances for uncollectibles	440,360	247,130	687,490
Prepaid items	-	7,296	7,296
Cash and cash equivalents - restricted	28,525	471,679	500,204
Capital assets not being depreciated	296,632	-	296,632
Capital assets being depreciated, net of accumulated depreciation	<u>2,291,491</u>	<u>2,136,788</u>	<u>4,428,279</u>
Total assets	<u>4,151,734</u>	<u>2,944,398</u>	<u>7,096,132</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Pensions	<u>97,102</u>	<u>172,625</u>	<u>269,727</u>
Total deferred outflows of resources	<u>97,102</u>	<u>172,625</u>	<u>269,727</u>
<u>LIABILITIES:</u>			
Accounts payable	94,507	151,489	245,996
Accrued expenses	16,637	2,318	18,955
Pooled cash in other funds	-	111,568	111,568
Accrued interest payable	8,549	4,154	12,703
Meter deposits	-	138,299	138,299
Compensated absences	17,957	11,429	29,386
Net pension liability	360,017	640,030	1,000,047
Lease payable:			
Due within one year	41,347	-	41,347
Due in more than one year	80,063	-	80,063
Bonds payable:			
Due within one year	131,000	13,000	144,000
Due in more than one year	842,000	269,811	1,111,811
Certificate of indebtedness:			
Due within one year	14,000	25,000	39,000
Due in more than one year	<u>15,000</u>	<u>108,000</u>	<u>123,000</u>
Total liabilities	<u>1,621,077</u>	<u>1,475,098</u>	<u>3,096,175</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Pensions	<u>19,550</u>	<u>34,756</u>	<u>54,306</u>
Total deferred inflows of resources	<u>19,550</u>	<u>34,756</u>	<u>54,306</u>
<u>NET POSITION:</u>			
Net investment in capital assets	1,464,713	1,780,788	3,245,501
Restricted for:			
Dedicated sales tax usage	328,020	-	328,020
Dedicated ad valorem tax usage	43,154	-	43,154
Debt service	267,147	-	267,147
Capital projects	46	-	46
Construction	-	502	502
Meter deposits	-	-	-
Bond covenants	-	284,765	284,765
Unrestricted net position (deficit)	<u>505,129</u>	<u>(458,886)</u>	<u>46,243</u>
Total net position	<u>\$ 2,608,209</u>	<u>\$ 1,607,169</u>	<u>\$ 4,215,378</u>

The accompanying notes are an integral part of this statement

TOWN OF ABITA SPRINGS, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental Activities:							
General government	\$ 731,987	\$ 17,705	\$ 18,163	\$ -	\$ (696,119)	\$ -	\$ (696,119)
Public safety	354,807	-	-	-	(354,807)	-	(354,807)
Public works	424,834	-	-	-	(424,834)	-	(424,834)
Cemetery	6,299	21,600	-	-	15,301	-	15,301
Culture and recreation	49,748	-	-	-	(49,748)	-	(49,748)
Grants	18,905	-	-	-	(18,905)	-	(18,905)
Interest on long-term debt	32,014	-	-	-	(32,014)	-	(32,014)
Total governmental activities	1,618,594	39,305	18,163	-	(1,561,126)	-	(1,561,126)
Business-type Activities:							
Utilities	1,822,534	1,734,165	-	59,417	-	(28,952)	(28,952)
Interest on long-term debt	17,901	-	-	-	-	(17,901)	(17,901)
Total business-type activities	1,840,435	1,734,165	-	59,417	-	(46,853)	(46,853)
Total primary government	\$ 3,459,029	\$ 1,773,470	\$ 18,163	\$ 59,417	(1,561,126)	(46,853)	(1,607,979)
General Revenues:							
Taxes:							
Property taxes					368,944	-	368,944
Franchise taxes					125,220	-	125,220
Sales taxes					916,983	-	916,983
Other taxes					6,682	-	6,682
Licenses and permits					58,014	-	58,014
Fines and forfeitures					63,460	11,046	74,506
Insurance licenses					108,545	-	108,545
Investment earnings					1,435	257	1,692
Museum income					32,914	-	32,914
Other general revenues					118,210	15,480	133,690
Total general revenues					1,800,407	26,783	1,827,190
Change in net position					239,281	(20,070)	219,211
Net position - beginning of year					2,368,928	1,627,239	3,996,167
Net position - end of year					\$ 2,608,209	\$ 1,607,169	\$ 4,215,378

The accompanying notes are an integral part of this statement

TOWN OF ABITA SPRINGS, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

ASSETS

Special Revenue Funds

	General Fund	Shared Sales Tax Fund	Special Sales Tax Fund	Cemetery Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
CURRENT ASSETS:							
Cash and cash equivalents	\$ 531,201	\$ 209,546	\$ -	\$ 156,492	\$ 85,919	\$ -	\$ 983,158
Equity in pooled cash		-	45,746	35,440	54,444	46	135,676
Receivables							
Property taxes, net	164,136	-	-	-	104,240	62,543	330,919
Sales taxes	22,177	31,245	22,177	-	-	-	75,599
Other	33,842	-	-	-	-	-	33,842
Due from other funds	-	43,071	-	33,725	-	-	76,796
Cash and cash equivalents - restricted	-	-	-	-	-	28,525	28,525
Total assets	\$ 751,356	\$ 283,862	\$ 67,923	\$ 225,657	\$ 244,603	\$ 91,114	\$ 1,664,515

LIABILITIES AND FUND BALANCES

LIABILITIES:							
Accounts payable	\$ 75,248	\$ 6,186	\$ 13,072	\$ -	\$ -	\$ -	\$ 94,506
Accrued expenses	16,637	-	-	-	-	-	16,637
Pooled cash in other funds	1,160	4,507	-	-	-	18,442	24,109
Due to other funds	76,796	-	-	-	-	-	76,796
Total liabilities	169,841	10,693	13,072	-	-	18,442	212,048

DEFERRED INFLOWS OF RESOURCES:

Unavailable revenue - property taxes	6,819	-	-	-	4,330	2,598	13,747
Total deferred inflows of resources	6,819	-	-	-	4,330	2,598	13,747

FUND BALANCES:

Restricted, reported in							
Special revenue funds	-	273,169	-	-	-	43,154	316,323
Debt service	-	-	-	-	240,273	26,874	267,147
Committed	-	-	-	225,657	-	-	225,657
Unassigned	574,696	-	54,851	-	-	46	629,593
Total fund balances	574,696	273,169	54,851	225,657	240,273	70,074	1,438,720
Total liabilities and fund balances	\$ 751,356	\$ 283,862	\$ 67,923	\$ 225,657	\$ 244,603	\$ 91,114	\$ 1,664,515

The accompanying notes are an integral part of this statement

TOWN OF ABITA SPRINGS, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2017

Amounts reported for governmental activities in the Statement of Net Position are different because:

Funds balances, total governmental funds	\$	1,438,720
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		2,588,123
Deferred outflows of resources related to pensions are not reported in governmental funds		97,102
Deferred inflows of resources related to pensions are not reported in governmental funds		(19,550)
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Accrued interest		(8,549)
Compensated absences		(17,957)
Pension liability		(360,017)
Lease payable		(121,410)
Certificates of indebtedness		(29,000)
Bonds payable		(973,000)
Certain property tax collections are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the governmental funds.		<u>13,747</u>
Net position of governmental activities	\$	<u><u>2,608,209</u></u>

TOWN OF ABITA SPRINGS, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Revenue Funds						Total Governmental Funds
	General Fund	Shared Sales Tax Fund	Special Sales Tax Fund	Cemetery Fund	Debt Service Fund	Non-Major Governmental Funds	
REVENUES:							
Taxes							
Property taxes	\$ 197,772	\$ -	\$ -	\$ -	\$ 125,601	\$ 75,360	\$ 398,733
Franchise taxes	125,220	-	-	-	-	-	125,220
Sales taxes	314,406	288,171	314,406	-	-	-	916,983
Other	6,682	-	-	-	-	-	6,682
Fines and forfeitures	63,460	-	-	-	-	-	63,460
Insurance licenses	108,545	-	-	-	-	-	108,545
Other revenues	118,110	-	-	100	-	-	118,210
Licenses and permits	58,014	-	-	-	-	-	58,014
Museum income	32,914	-	-	-	-	-	32,914
Donations	12,866	-	-	-	-	-	12,866
Sale of cemetery plots	-	-	-	21,600	-	-	21,600
Rentals	17,705	-	-	-	-	-	17,705
Interest income	955	201	-	154	64	63	1,437
Total revenues	<u>1,056,649</u>	<u>288,372</u>	<u>314,406</u>	<u>21,854</u>	<u>125,665</u>	<u>75,423</u>	<u>1,882,369</u>
EXPENDITURES:							
General government	551,012	-	-	-	-	65,229	616,241
Public safety	303,658	-	-	-	-	-	303,658
Public works	-	142,036	282,800	-	-	-	424,836
Clerk of court	51,149	-	-	-	-	-	51,149
Cemetery	-	-	-	6,300	-	-	6,300
Culture and recreation	29,525	-	7,650	-	-	-	37,175
Grants	18,905	-	-	-	-	-	18,905
Capital outlay	65,787	16,000	-	10,243	-	-	92,030
Debt service:							
Principal	-	40,146	-	-	75,000	58,000	173,146
Interest	-	5,249	-	-	15,717	12,086	33,052
Total expenditures	<u>1,020,036</u>	<u>203,431</u>	<u>290,450</u>	<u>16,543</u>	<u>90,717</u>	<u>135,315</u>	<u>1,756,492</u>
Excess (deficiency) of revenues over (under) expenditures	<u>36,613</u>	<u>84,941</u>	<u>23,956</u>	<u>5,311</u>	<u>34,948</u>	<u>(59,892)</u>	<u>125,877</u>
OTHER FINANCING SOURCES:							
Transfers in	-	-	-	-	-	53,400	53,400
Transfers out	-	(53,400)	-	-	-	-	(53,400)
Total other financing sources (uses)	<u>-</u>	<u>(53,400)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,400</u>	<u>-</u>
Net change in fund balances	36,613	31,541	23,956	5,311	34,948	(6,492)	125,877
Fund balances - beginning of year	<u>538,083</u>	<u>241,628</u>	<u>30,895</u>	<u>220,346</u>	<u>205,325</u>	<u>76,566</u>	<u>1,312,843</u>
Fund balances - end of year	<u>\$ 574,696</u>	<u>\$ 273,169</u>	<u>\$ 54,851</u>	<u>\$ 225,657</u>	<u>\$ 240,273</u>	<u>\$ 70,074</u>	<u>\$ 1,438,720</u>

The accompanying notes are an integral part of this statement

TOWN OF ABITA SPRINGS, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances, total governmental funds	\$	125,877
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		(80,212)
Repayment of debt principal and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		173,146
Under the modified accrual basis of accounting used in the governmental funds, advances of derived tax revenues is not recognized until received, rather than as it is earned. This is the amount by which prior year advances of derived tax revenues recognized of \$43,535 exceeded current advances of derived tax revenues recognized of \$13,747.		(29,789)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Compensated absences		(4,049)
Pensions		47,973
Non-employer contributions for pensions		5,297
Accrued interest		1,038
		1,038
Change in net position of governmental activities	\$	239,281

TOWN OF ABITA SPRINGS, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2017

ASSETS:

Current assets:	
Cash and cash equivalents	\$ 81,505
Accounts receivable, net	247,130
Prepaid insurance	7,296
Total current assets	<u>335,931</u>
Restricted assets:	
Cash and cash equivalents	471,177
Cash - construction	502
Total restricted assets	<u>471,679</u>
Long-term assets:	
Capital assets, net	2,136,788
Total long-term assets	<u>2,136,788</u>
Total assets	<u>2,944,398</u>

DEFERRED OUTFLOWS OF RESOURCES:

Pensions	172,625
Total deferred outflows of resources	<u>172,625</u>

LIABILITIES:

Current liabilities:	
Accounts payable	151,489
Accrued wages	2,318
Compensated absences	11,429
Pooled cash in other funds	111,568
Total current liabilities	<u>276,804</u>
Current liabilities (payable from restricted assets):	
Accrued interest payable	4,154
Revenue bonds payable, current portion	13,000
Certificate of indebtedness, current portion	25,000
Customer meter deposits	138,299
Total current liabilities (payable from restricted assets)	<u>180,453</u>
Non-current liabilities:	
Net pension liability	640,030
Revenue bonds, net of current portion	269,811
Certificate of indebtedness, net of current portion	108,000
Total noncurrent liabilities	<u>1,017,841</u>
Total liabilities	<u>1,475,098</u>

DEFERRED INFLOWS OF RESOURCES:

Pensions	34,756
Total deferred inflows of resources	<u>34,756</u>

NET POSITION:

Net investment in capital assets	1,780,788
Restricted	285,267
Unrestricted	<u>(458,886)</u>
Total net position	<u>\$ 1,607,169</u>

The accompanying notes are an integral part of this statement

TOWN OF ABITA SPRINGS, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

OPERATING REVENUES:

Charges for services:		
Gas sales	\$	530,500
Water sales		259,007
Sewer service charges		437,242
Garbage collection fees		258,053
Impact fees		75,150
Fines and fees		11,046
Miscellaneous and other fees		174,213
Total operating revenues		<u>1,745,211</u>

OPERATING EXPENSES:

Administrative and general		288,499
Gas purchased		243,035
Gas system		218,261
Water system		262,368
Sewerage system		491,854
Garbage collection		215,222
Depreciation		103,295
Total operating expenses		<u>1,822,534</u>

Operating loss		<u>(77,323)</u>
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NON-OPERATING REVENUES (EXPENSES):

Capital grants		59,417
Cell tower lease		15,480
Interest expense		(17,901)
Interest income		257
Total non-operating revenues		<u>57,253</u>

Change in net position		(20,070)
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Net position - beginning of the year		<u>1,627,239</u>
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Net position - end of the year	\$	<u>1,607,169</u>
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TOWN OF ABITA SPRINGS, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 1,673,898
Payments to suppliers	(1,087,234)
Payments to employees	<u>(475,055)</u>
Net cash provided by operating activities	<u>111,609</u>

CASH FLOWS FROM NON-CAPITAL FINANCING

ACTIVITIES:

Increase in meter deposits	4,461
Interfund borrowings	<u>(14,651)</u>
Net cash (used) by non-capital financing activities	<u>(10,190)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING

ACTIVITIES:

Capital grant	59,417
Receipts from tower lease	15,480
Proceeds from long-term debt	59,811
Interest paid on leases, bonds, and certificates	(17,901)
Principal paid on bonds and certificates	<u>(131,000)</u>
Net cash (used) by capital and related financing activities	<u>(14,193)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest earned on investments and certificates	<u>257</u>
Net cash provided by investing activities	<u>257</u>
Net increase in cash and cash equivalents	87,483
Cash and cash equivalents - beginning of year	<u>465,701</u>
Cash and cash equivalents - end of year	<u>\$ 553,184</u>

The accompanying notes are an integral part of this statement

TOWN OF ABITA SPRINGS, LOUISIANA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

Reconciliation of operating income (loss) to net cash

provided (used) by operating activities:

Operating loss	\$ (77,323)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	103,295
Pension expense	108,037
Change in asset and liabilities:	
(Increase) decrease in accounts receivable	(71,313)
Increase (decrease) in accounts payable	44,861
Increase (decrease) in accrued expenses	(2,417)
Increase (decrease) in compensated absences	<u>6,469</u>
Net cash provided by operating activities	<u>\$ 111,609</u>

The accompanying notes are an integral part of this statement

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

INTRODUCTION

The Town of Abita Springs, Louisiana (the Town) was incorporated in 1914, under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the Town of Abita Springs, Louisiana conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of certain significant accounting policies.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town's basic financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in its own name).
- The Town holds the corporate powers of the organization.
- The Town appoints a voting majority of the organization's board.
- The Town is able to impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the Town.
- There is a fiscal dependency by the organization on the Town.
- Based on the aforementioned criteria, the Town has no component units.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for the Town's governmental funds and proprietary fund.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are considered to be collected when they are collected by the St. Tammany Parish Sheriff. Property taxes collected after 60 days are recorded as a deferred inflow on the governmental funds balance sheet. Franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports these governmental funds and fund types:

General Fund - The General Fund is the general operating fund of the Town. This fund is used to account for all financial transactions and resources except those that are required to be accounted for in another fund. Revenues are derived primarily from sales, property, and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than debt service or capital projects) that are restricted or committed to expenditure for specified purposes. The Shared Sales Tax Fund, the Special Sales Tax Fund, and the Cemetery Fund are considered to be major funds. The Lighting Fund and Parks/Playground Fund are considered to be non-major funds.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs. The Town has one Debt Service Fund which is considered major. The 2010 Debt Service Fund is considered to be a non-major fund.

Capital Projects Fund - The Capital Projects Fund is used to account for the construction of infrastructure and public works. The Town's Capital Projects Fund is considered to be a non-major fund.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

The Town uses a proprietary fund to account for the natural gas, water, sewer, and garbage collection services it provides to the residents and businesses of the Town.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, licenses and permits, and other general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues for the Town's proprietary fund consist of charges to customers and users of its natural gas, water, sewer, and garbage collection services. Operating expenses for the Town's proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgets and Budgetary Accounting

At the beginning of each fiscal year, an annual budget is prepared. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. Payments under capital leases are treated as expenditures in the year of payment for budgetary purposes. The Town does not use encumbrance accounting. At the end of the fiscal year, unexpended appropriations of these funds automatically lapse.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Mayor, Board of Aldermen, Town Clerk, and other advisory personnel assemble the necessary financial information.
- b. The proposed budget is made available for public inspection.
- c. A public hearing is held for any recommendations or changes to the budget. The budget is legally adopted through passage of an ordinance by the Board of Aldermen.

During the year ended December 31, 2017, the Town amended its Cemetery Fund, Lighting Fund, and Parks/Playground Fund budgets.

Cash, Cash Equivalents, and Investments

Cash balances of all funds are combined to the extent possible. Interest earned on deposits is distributed to the individual funds based on the investment balances of the participating funds during the year. Each fund's portion of the pooled cash is included in equity or deficit in pooled cash on the accompanying financial statements.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Cash, Cash Equivalents, and Investments (continued)

For the purpose of the proprietary fund statement of cash flows, all highly liquid investments (including certificates of deposit) with a maturity of three months or less when purchased are considered to be cash equivalents.

Cash and cash equivalents include amounts in demand deposits. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Town may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in United States bonds, treasury notes, repurchase agreements, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Short-term investments are stated at amortized cost, which approximates market. Certain investments, as required by GASB 31, are reported at fair value, which is determined using published market prices.

Investments

State Law R.S. 33:2955 allows the investment in direct United States Treasury obligations; bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies or U.S. government instrumentalities, which are federally sponsored; direct security repurchase agreements of any federal book-entry-only securities guaranteed by the U.S. government; time certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana; savings accounts or shares of certain savings and loan associations and savings banks; certain accounts of federally or state chartered credit unions, and certain mutual or trust fund institutions.

Investments are stated at fair value in accordance with the Governmental Accounting Standards Board Statement (GASB) No. 31 "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*".

Sales Taxes

The Town imposes the following sales and use taxes:

- The original 1965 1% sales and use tax passed by voters is to be used for constructing, improving, maintaining, and operating recreational facilities; constructing, maintaining, re-surfacing, lighting, and improving public streets; constructing sidewalks and bridges; acquiring and maintaining a garbage disposal site and garbage collection equipment, and purchasing equipment for all of the public works and departments of the Town. The proceeds from this sales and use tax are accounted for in the Special Sales Tax Special Revenue Fund.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sales Taxes (Continued)

- Pursuant to the Growth Management and Revenue Sharing Agreement between the Town and St. Tammany Parish (the Parish) dated December 21, 2006, the Town collects the 2% sales and use tax imposed by the Parish on the growth management area surrounding the Town. The proceeds from the tax are to be used for projects that benefits residents of the growth management area. The proceeds from this sales and use tax are accounted for in the Shared Sales Tax Special Revenue Fund.
- The additional 1983 1% sales and use tax proceeds are to be split in half. Fifty percent is to be used to defray expenses borne by or from the Police Fund and the other fifty percent is to be used for the supplementation of and the performance of all other duties and services funded from the General Fund. The proceeds from this sales and use tax are accounted for in the General Fund.

Compensated Absences

Employees accrue vacation leave at the rate of 5 to 25 days per anniversary year, according to years of service with the Town. Employees may carry over a maximum of five unused vacation days after their anniversary date into the next year. Employees accrue sick leave of up to 10 days per year. Employees are allowed to carry forward unused sick leave from year to year. Upon termination, or at retirement, employees are paid for unused vacation leave at the discretion of the Town. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the General Fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

Long-Term Debt

In the government-wide financial statements, debt principal payments of both governmental and business-type activities are reported as decreases in the balance of the liability on the statement of net position. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System of Louisiana and additions to/deductions from the system's fiduciary net position have been determined on the same basis as they are reported by the system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Outstanding balances between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/ due from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectability of the receivable. The allowance was \$70,870, at December 31, 2017.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost, or estimated cost if historical cost is not available.

Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$2,500 or more for capitalizing equipment, furniture, and fixtures. The threshold for infrastructure and improvements is \$25,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital outlays are recorded as expenditures in the governmental fund financial statements and as assets in the government-wide financial statements. In accordance with GASB 34, the Town has elected not to capitalize infrastructure retroactively. Depreciation is recorded on general fixed assets on a government-wide basis. Capital outlays of the proprietary fund are recorded as fixed assets and depreciated over their estimated useful lives on both the fund basis and the government-wide basis.

All capital assets, other than land and works of art that are inexhaustible, are depreciated using the straight-line method over the following useful lives:

Infrastructure	40 years
Buildings and building improvements	20 to 40 years
Utility systems	30 to 40 years
Furniture and fixtures	7 years
Vehicles	5 years
Equipment	3 to 15 years

Fund Equity

Government-Wide and Proprietary Fund Statements - equity is classified as net position and displayed in three components:

1. Net Investment in Capital Assets - Consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation.
2. Restricted - This component of net position consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted - All other net position is reported in this category.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (continued)

In the governmental fund financial statements, fund balances are classified as follows:

1. Restricted Fund Balance - Amounts that are restricted to specific purposes imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments.
2. Committed Fund Balance - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Aldermen.
3. Unassigned Fund Balance - All amounts not included in other spendable classifications.

Interfund Transactions

Permanent re-allocation of resources between funds of the Town is classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through June 15, 2018, which is the date the financial statements were available to be issued.

(2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deposit and Investment Laws and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. At December 31, 2017, the Town was in compliance with the deposit and investment laws and regulations.

(3) CASH AND CASH EQUIVALENTS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be recovered. The Town's deposit policy for custodial credit risk is that all uninsured deposits be collateralized by pledged securities as required by state law.

As of December 31, 2017, \$1,302,811 of the Town's bank balance of \$1,633,821 was exposed to custodial credit risk. However, these deposits are secured from risk by the pledge of securities owned by the fiscal agent bank.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(3) **CASH AND CASH EQUIVALENTS (CONTINUED)**

Custodial Credit Risk (continued)

The following is a reconciliation of cash and cash equivalents per the statement of net position of the proprietary fund to the cash and cash equivalents per the statement of cash flows:

Cash and cash equivalents per Statement of Net Position	
Cash on hand and in bank	\$ 81,505
Restricted:	
Meter deposits	144,258
Bond sinking	124,583
Bond reserve	95,450
Capital additions and contingency	92,202
Cash construction	502
Sewer debt service	<u>14,684</u>
Total restricted	<u>471,679</u>
Total cash and cash equivalents per Statement of Cash Flows	<u>\$ 553,184</u>

(4) **RECEIVABLES**

The net receivables at December 31, 2017, were as follows:

	General Fund	Debt Service Funds	Special Revenue Funds	Proprietary Fund	Total
Taxes					
Property	\$ 164,136	\$ 104,240	\$ 62,543	\$ -	\$ 330,919
Sales and use	22,177	-	53,422	-	75,599
Other	33,842	-	-	-	33,842
Utility accounts	<u>-</u>	<u>-</u>	<u>-</u>	247,130	<u>247,130</u>
Totals	<u>\$ 220,155</u>	<u>\$ 104,240</u>	<u>\$ 115,965</u>	<u>\$ 247,130</u>	<u>\$ 687,490</u>

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Total allowance for doubtful accounts amounted to \$17,070 for the governmental funds and \$70,870 for the business-type activities.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(5) PROPERTY TAXES

Property taxes are normally levied and billed in November of each year and are due by December 31st of the year levied. Revenues are recognized when levied to the extent they are determined to be currently collectible. Property taxes are billed and collected using the assessed values determined by the Tax Assessor of St. Tammany Parish. The property taxes receivable are recorded net of allowance of \$17,417 on the accompanying balance sheet. For the year ended December 31, 2017, the Town levied taxes of 7.86 mills for general purposes, 5.00 mills for debt service, 1.00 mill for town lighting, and 2.00 mills for parks and playground expenditures.

The following are the principal taxpayers and related property tax revenue for the entity:

	Assessed Valuation	% of Total Assessed Value
Central LA Elec Co.	\$ 630,160	2.87%
Abita Lumber Co Inc.	283,260	1.29%
Stirling Walgreens 2010, LLC	261,324	1.19%
Home Bank	238,929	1.09%
Walgreens #11996	171,470	0.78%
Phillips Building Supply	148,843	0.68%
Cypress Group, LLC	140,147	0.64%
Patrick Fabricating & Welding	136,613	0.62%
Citizens Bank & Trust	126,959	0.58%
Little Village, Inc.	117,451	0.53%
	\$ 2,255,156	10.27%

(6) OPERATING LEASES

The Town makes payments monthly for the use of land and office equipment. Presently, the Town has lease agreements with the owners of these properties. The leases are non-cancelable operating leases, by the Town, that expire at various dates through December 31, 2017. Certain leases generally contain renewal options, include escalation clauses, and require the Town to pay executor costs such as taxes, maintenance and insurance. Rent expense for leases for 2017 was \$10,100.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of December 31, 2017 are:

2018	\$ 4,000
	\$ 4,000

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(7) CAPITAL ASSETS

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2017:

	<u>Balance</u> <u>1/1/2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2017</u>
<u>Governmental Activities</u>				
Capital assets not being depreciated				
Works of art	\$ 40,000	\$ -	\$ -	\$ 40,000
Construction in progress	-	60,243	-	60,243
Land	<u>196,389</u>	<u>-</u>	<u>-</u>	<u>196,389</u>
Total capital assets not being depreciated	<u>236,389</u>	<u>60,243</u>	<u>-</u>	<u>296,632</u>
Capital assets being depreciated				
Infrastructure	2,138,294	-	-	2,138,294
Culture and recreation	457,696	-	-	457,696
Machinery and equipment	731,978	16,000	-	747,978
Office equipment and furniture	16,119	-	-	16,119
Buildings and building improvements	426,066	15,787	-	441,853
Police machinery and equipment	3,535	-	-	3,535
Police furniture and fixtures	<u>1,197</u>	<u>-</u>	<u>-</u>	<u>1,197</u>
Total capital assets being depreciated	<u>3,774,885</u>	<u>31,787</u>	<u>-</u>	<u>3,806,672</u>
Accumulated depreciation for:				
Infrastructure	(555,627)	(96,733)	-	(652,360)
Culture and recreation	(63,762)	(12,572)	-	(76,334)
Machinery and equipment	(454,453)	(54,819)	-	(509,272)
Office equipment and furniture	(16,119)	-	-	(16,119)
Buildings and building improvements	(248,246)	(8,118)	-	(256,364)
Police machinery and equipment	(3,535)	-	-	(3,535)
Police furniture and fixtures	<u>(1,197)</u>	<u>-</u>	<u>-</u>	<u>(1,197)</u>
Total accumulated depreciation	<u>(1,342,939)</u>	<u>(172,242)</u>	<u>-</u>	<u>(1,515,181)</u>
Total capital assets being depreciated, net	<u>2,431,946</u>	<u>(140,455)</u>	<u>-</u>	<u>2,291,491</u>
Governmental activities capital assets, net	<u>\$ 2,668,335</u>	<u>\$ (80,212)</u>	<u>\$ -</u>	<u>\$ 2,588,123</u>

Depreciation was charged to governmental functions as follows:

General governmental	\$ 159,670
Culture and recreation	<u>12,572</u>
Total	<u>\$ 172,242</u>

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(7) **CAPITAL ASSETS (CONTINUED)**

	<u>Balance</u> <u>1/1/2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2017</u>
<u>Business-Type Activities</u>				
Capital assets being depreciated				
Gas distribution system	\$ 150,035	\$ -	\$ -	\$ 150,035
Water distribution system	1,765,870	-	-	1,765,870
Sewer plant and lines	2,896,847	-	-	2,896,847
Vehicles	17,600	-	-	17,600
Machinery and equipment	77,983	-	-	77,983
Buildings and building improvements	<u>35,808</u>	<u>-</u>	<u>-</u>	<u>35,808</u>
Total capital assets being depreciated	<u>4,944,143</u>	<u>-</u>	<u>-</u>	<u>4,944,143</u>
Accumulated depreciation for:				
Gas distribution system	(41,244)	(4,686)	-	(45,930)
Water distribution system	(969,251)	(37,713)	-	(1,006,964)
Sewer plant and lines	(1,597,898)	(57,335)	-	(1,655,233)
Vehicles	(17,600)	-	-	(17,600)
Machinery and equipment	(63,443)	(2,367)	-	(65,810)
Buildings and building improvements	<u>(14,624)</u>	<u>(1,194)</u>	<u>-</u>	<u>(15,818)</u>
Total accumulated depreciation	<u>(2,704,060)</u>	<u>(103,295)</u>	<u>-</u>	<u>(2,807,355)</u>
Total capital assets being depreciated, net	<u>2,240,083</u>	<u>(103,295)</u>	<u>-</u>	<u>2,136,788</u>
Total capital assets, net	<u>\$ 2,240,083</u>	<u>\$ (103,295)</u>	<u>\$ -</u>	<u>\$ 2,136,788</u>

(8) **EMPLOYEE PENSION PLAN**

Municipal Employees' Retirement System of Louisiana (MERS)

Plan Description

The Municipal Employees' Retirement System of Louisiana (System) was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated villages, towns, and cities within the state, which did not have their own retirement system and which elected to become members of the System.

The System is administered by a Board of Trustees composed of eleven members, three of whom shall be active and contributing members of the System with at least ten years creditable service and who are elected to office in accordance with the Louisiana Election Code, three of whom shall be active and contributing members of the System with at least ten years creditable service and who are not elected officials; one of whom shall be president of the Louisiana Municipal Association who shall serve as an ex-officio member during his tenure; one of whom shall be the Chairman of the Senate Retirement Committee; and one of whom shall be the Chairman of the House Retirement Committee of the Legislature of Louisiana; the commissioner of administration, who shall be a nonvoting member; and the State Treasurer, who shall be a nonvoting member.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(8) EMPLOYEE PENSION PLAN (CONTINUED)

Municipal Employees' Retirement System of Louisiana (MERS) (continued)

Plan Description (continued)

The System is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The System was established and provided for by R.S.11:1731 of the Louisiana Revised Statutes (LRS).

Act #569 of the year 1968 established by the Legislature of the State of Louisiana provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in the Municipal Employees' Retirement System of Louisiana, effective on and after June 30, 1970.

Effective October 1, 1978, under Act #788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B." Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan.

Plan Membership:

The System provides retirement benefits to employees of all incorporated villages, towns, and cities within the State which do not have their own retirement system and which elect to become members of the System. For the year ended June 30, 2017, there were 84 contributing municipalities in Plan A and 68 in Plan B.

Eligibility Requirements:

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes.

Any person eligible for membership but whose first employment making him eligible for membership in the System occurred on or after January 1, 2013 shall become a member of the MERS Plan A Tier 2 or MERS Plan B Tier 2 of the System as a condition of employment.

Retirement Benefits:

Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756-11:1785. The following brief description of the plan and its benefits is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(8) EMPLOYEE PENSION PLAN (CONTINUED)

Municipal Employees' Retirement System of Louisiana (MERS) (continued)

Plan Description (continued)

Any member of Plan A who commenced participation in the System prior to January 1, 2013 can retire providing he meets one of the following criteria:

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Any age with five (5) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) or more years creditable service with legal spouse at least last 12 months before death – 40% at age 60 or minimum of 20% immediately (actuarially calculated).
5. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. An additional regular retirement benefit can be received for any city marshal or deputy city marshal. See Plan Booklet for further details.

Any member of Plan A Tier 2 can retire providing he meets one of the following requirements.

1. Age 67 with seven or more years of creditable service
2. Age 62 with ten or more years of creditable service
3. Age 55 with thirty or more years of creditable service
4. Any age with twenty five years of creditable service with an actuarially reduced early benefit.
5. Survivor's benefits require five or more years of creditable service with legal spouse at least last 12 months before death – 40% at age 60 or minimum of 20% immediately (actuarially calculated).

Generally, the monthly amount of retirement allowance for any member of Plan A Tier 2 shall consist of an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. Any city marshal or deputy city marshal shall receive an additional regular benefit computed on supplemental marshal's earnings. See Plan booklet for further details.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(8) EMPLOYEE PENSION PLAN (CONTINUED)

Municipal Employees' Retirement System of Louisiana (MERS) (continued)

Plan Description (continued)

Survivor Benefits:

Upon death of any member of Plan A with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes.

Any member of Plan A who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Any member of Plan A or Plan B who had not withdrawn their accumulated contributions and had at least twenty years of service credit at time of death, surviving spouse shall receive benefits for as long as he/she lives as outlined in the statutes.

DROP Benefits:

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during the participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

Disability Benefits:

For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of creditable service, whichever is greater, or an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(8) EMPLOYEE PENSION PLAN (CONTINUED)

Municipal Employees' Retirement System of Louisiana (MERS) (continued)

Plan Description (continued)

Cost of Living Increases:

The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant additional cost of living increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

Deferred Benefits:

Both Plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

Funding Policy

For the twelve months ended December 31, 2017, members of the System are required to contribute 9.50% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. At December 31, 2017, the employer contribution rate was 24.75%. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

Contributions

According to state statute, for the System, contribution requirements for all employees are actuarially determined each year. State statute requires covered employees to contribute a percentage of their salaries to the System. For the year ending December 31, 2017, the actual employer contribution rate and the actuarially determined employer contribution rate is listed below. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective.

The amount of the Town's employer contributions to the System for the year ended December 31, 2017 was \$99,802. The District's covered payroll for the System for the year ended December 31, 2017 was \$420,565.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the Town reported a liability totaling \$1,000,047 for its proportionate share of the net pension liability for the System. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town's proportion of the Net Pension Liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Town's proportion was .23905% for the System, which was a decrease of .010517% from its proportion measured as of June 30, 2016.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(8) **EMPLOYEE PENSION PLAN (CONTINUED)**

Municipal Employees' Retirement System of Louisiana (MERS) (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended December 31, 2017, the Town recognized pension expense for the System totaling \$170,976. Subtracted from pension expense is the employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions totaling \$4,684 for the System.

For the year ended December 31, 2017, the Town recognized revenue from ad valorem taxes and revenue sharing funds received by the System. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities totaling \$14,714.

At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the System:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 30,457
Change in assumptions	16,722	-
Net difference between projected and actual earnings on pension plan investments	201,661	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	23,849
Employer contributions subsequent to the measurement date	51,344	-
Total	\$ 269,727	\$ 54,306

Employer contributions subsequent to the measurement date totaling \$51,344 and reported as deferred outflows of resources will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:

2018	\$	41,907
2019		68,495
2020		43,624
2021		9,044
Total	\$	163,070

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(8) **EMPLOYEE PENSION PLAN (CONTINUED)**

Municipal Employees' Retirement System of Louisiana (MERS) (continued)

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation for the System was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	June 30, 2017
Actuarial Cost Method:	Entry age normal cost
Actuarial Assumptions:	
Investment Rate of Return	7.400%
Inflation rate:	2.775%
Projected Salary Increases	5.0%
Mortality Rates	RP-2000 Employee Table for active members RP-2000 Healthy Annuitant Table for healthy annuitants RP-2000 Disabled Lives Mortality Tables for disabled annuitants
Expected Remaining Service Lives	2017 – 3 years for Plan A; 2016 – 3 years for Plan A

Discount Rate:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public equity	50%	2.30%
Public fixed income	35%	1.60%
Alternatives	<u>15%</u>	<u>0.70%</u>
Totals	<u>100%</u>	<u>4.60%</u>
Inflation		2.60%
Expected arithmetic nominal return		7.20%

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(8) EMPLOYEE PENSION PLAN (CONTINUED)

Municipal Employees' Retirement System of Louisiana (MERS) (continued)

Actuarial Assumptions (continued)

Discount Rate:

The discount rate used to measure the total pension liability was 7.40% for the years ended June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. The Expected Remaining Service Lives (ERSL) for 2017 is 3 years for Plan A and 4 years for Plan B.

Sensitivity to Changes in Discount Rate:

The following presents the net pension liability of the System calculated using the discount rate of 7.40%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.40%) or one percentage point higher (8.40%) than the current discount rate (assuming all other assumptions remain unchanged):

Changes in discount for years ending June 30, 2017 for Plan A are as follows:

	1% Decrease 6.40%	Current Discount Rate 7.40%	1% Increase 8.40%
Town's proportionate share of the Net Pension Liability	\$ 1,274,392	\$ 1,000,047	\$ 766,038

Retirement System Audit Report:

The Municipal Employees' Retirement System of Louisiana has issued a stand-alone audit report on their financial statements for the year ended June 30, 2017. Access to the report can be found on the Louisiana Legislative Auditor's website, www.lia.la.gov, or by contacting the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(9) LONG-TERM DEBT AND CAPITAL LEASES

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>General Obligation Bonds</u>	<u>Certificate of Indebtedness</u>	<u>Revenue Bonds</u>	<u>Certificate of Indebtedness</u>	
Balance 1/1/2017	\$ 1,092,000	\$ 43,000	\$ 330,000	\$ 157,000	\$ 1,622,000
Additions	-	-	59,811	-	59,811
Reductions	<u>(119,000)</u>	<u>(14,000)</u>	<u>(107,000)</u>	<u>(24,000)</u>	<u>(264,000)</u>
Balance 12/31/17	<u>\$ 973,000</u>	<u>\$ 29,000</u>	<u>\$ 282,811</u>	<u>\$ 133,000</u>	<u>\$ 1,417,811</u>
Due within one year	<u>\$ 131,000</u>	<u>\$ 14,000</u>	<u>\$ 13,000</u>	<u>\$ 25,000</u>	<u>\$ 183,000</u>

General obligation bonds are secured by an annual property tax levy. In accordance with Louisiana Revised Statute 39:562, the Town is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property in the municipality. At December 31, 2017, the Town had not exceeded this statutory limit. As of December 31, 2017, there was \$240,273 available in the Debt Service Fund and \$26,874 in the 2010 Debt Service Fund to service the general obligation bonds.

Long-term debt was composed of the following at December 31, 2017:

General Obligation Bonds

\$450,000 General Obligation Bonds Series 2005, due in annual installments through March 2020; interest paid semi-annually at 2.95%; secured by ad valorem tax. \$ 155,000

\$556,000 Limited Tax Refunding Bonds Series 2012, due in annual installments through September 2024; interest paid semi-annually at 2.72% secured by ad valorem tax. 348,000

\$500,000 General Obligation Bonds Series 2014, due in annual installments through March 2029; interest paid semi-annually ranging from 1.50% to 3.00% secured by ad valorem tax. 470,000

\$ 973,000

Revenue Bonds

\$350,000 Utility Refunding Bonds dated January 8, 2004, due in annual installments through March 1, 2030; including interest from from 3% to 5.25%; secured by revenues of the Utility System. \$ 223,000

\$6,000,000 Utility Revenue Bonds dated December 6, 2017, in connection with a loan from the State of Louisiana, Department of Environmental Quality (DEQ) to construct sewer improvements. DEQ is holding the bonds as payment for the loan. This amounts represents the total drawdown of these bonds to date. Includes interest of 0.45% secured by revenues of the Utility System. 59,811

\$ 282,811

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(9) **LONG-TERM DEBT AND CAPITAL LEASES (CONTINUED)**

Certificates of Indebtedness

\$116,000 Certificate of Indebtedness dated September 30, 2010, due in annual installments through March 1, 2019; interest paid semi-annually ranging from 2.5% to 4%; secured by excess revenues. \$ 29,000

\$250,000 Certificate of Indebtedness dated July 12, 2012; due in annual installments through June 1, 2022; interest paid semi-annually ranging from 0.50% to 3.5%; secured by excess revenues. 133,000

\$ 162,000

Annual debt service requirements of long-term debt are as follows:

Year	<u>General Obligation Bonds</u>		<u>Certificate of Indebtedness</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 131,000	\$ 23,676	\$ 39,000	\$ 5,027	\$ 13,000	\$ 11,030
2019	133,000	20,787	41,000	3,606	72,811	10,714
2020	139,000	17,495	27,000	2,938	14,000	9,803
2021	84,000	14,651	27,000	1,453	14,000	9,103
2022	86,000	12,574	28,000	490	15,000	8,378
Thereafter	<u>400,000</u>	<u>34,367</u>	-	-	<u>154,000</u>	<u>34,251</u>
Totals	<u>\$ 973,000</u>	<u>\$ 123,550</u>	<u>\$ 162,000</u>	<u>\$ 13,514</u>	<u>\$ 282,811</u>	<u>\$ 83,279</u>

Interest costs incurred and charged to expense for the year ended December 31, 2017 was \$49,915.

Capital Leases

The Town records items under capital leases as an asset and an obligation in the accompanying financial statements. On May 27, 2015, the Town entered into a capital lease agreement for five years with interest of 4.18% for the purchase of an excavator. On April 1, 2016, the Town entered into a capital lease agreement for five years with interest of 3.35% for the purchase of a directional drill for gas and water installations.

The following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of December 31, 2017:

Year	<u>Equipment</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 41,347	\$ 3,746
2019	42,906	2,188
2020	33,170	687
2021	<u>3,987</u>	<u>18</u>
Totals	<u>\$ 121,410</u>	<u>\$ 6,639</u>

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(10) RESTRICTED ASSETS

The Town has approved resolutions authorizing the issuance of \$600,000 of Utility Revenue Bonds dated July 8, 1998, \$350,000 of Utility Refunding Bonds dated January 8, 2004, and \$250,000 of Utility Revenue Bonds dated December 1, 2004. Each of the resolutions provide for certain restrictions on assets of the proprietary fund. The following reserve requirements have been met for the year ended December 31, 2017:

1. Revenue Bond Sinking Fund

The resolution called for the establishment and maintenance of a Utilities Revenue Bond and Sinking Fund sufficient in amount to pay promptly and in full the principal of and the interest on bonds authorized as they become due and payable.

2. Revenue Bond Reserve Fund

The resolution called for the establishment of a Revenue Bond Reserve Fund by depositing with the designated fiscal agent bank of the Town until such time as there has been accumulated in said Reserve Fund a sum equal to the highest combined principal and interest payment in any year of the bond. The sole purpose of this fund is to pay the principal of and the interest on the bonds payable from the Revenue Bond Reserve Fund as to which these would otherwise be in default.

3. Depreciation and Contingency Fund

The resolution called for the establishment and maintenance of a Depreciation and Contingency Fund to care for depreciation, extensions, additions, improvements, and replacements necessary to properly operate the system. Regular deposits of \$416 per month are to be deposited with the regularly designated fiscal agent bank of the Town.

4. Meter Deposit Fund

The Town established a Meter Deposit Fund to help maintain customer meter deposits on hand, as well as to help control customer meter deposits received.

(11) INTERFUND RECEIVABLES/PAYABLES

The primary purpose of interfund receivables/payables is to loan monies between funds to cover current expenditures. Individual fund balances due from/to other funds at December 31, 2017, were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund		
Shared Sales Tax Fund	\$ -	\$ 43,071
Cemetery Fund	-	33,725
Shared Sales Tax Fund		
General Fund	43,071	-
Cemetery Fund		
General Fund	<u>33,725</u>	<u>-</u>
 Total	 <u>\$ 76,796</u>	 <u>\$ 76,796</u>

All interfund receivables/payables are considered short-term, as they are expected to be repaid within the next fiscal year.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(12) INTERFUND TRANSFERS

Operating transfers between funds consist primarily of sales tax revenues transferred to the particular funds for which the revenue is to be used. The following is a summary of the operating transfers between funds during the fiscal year ended December 31, 2017:

	Transfer In	Transfer Out
Shared Sales Tax Fund		
2010 Debt Service Fund	-	53,400
2010 Debt Service Fund		
Shared Sales Tax Fund	53,400	-
Total All Funds	\$ 53,400	\$ 53,400

(13) INTERGOVERNMENTAL AGREEMENT

The Town entered into an intergovernmental agreement with St. Tammany Parish, Louisiana, effective December 21, 2006, for the sharing of sales tax revenue generated in Sales Tax District No. 3. Proceeds from the tax shall be used for projects that benefit residents of Sales Tax District No. 3. As of December 31, 2017, \$273,169 was restricted for use in Sales Tax District No. 3.

(14) RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2017, the Town carried insurance through various commercial carriers to cover all risks of loss. The Town has no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

(15) NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 82, "*Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73.*" The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, "*Financial Reporting for Pension Plans,*" No. 68, "*Accounting and Financial Reporting for Pensions,*" and No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.*" Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. This Statement did not have a material effect on the Town's financial statements upon implementation.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(15) NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The GASB has issued Statement No. 83, "*Certain Asset Retirement Obligations*." The objective of this Statement is to provide financial statement users with information about asset retirement obligations (AROs) that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. This Statement establishes criteria for determining the timing and the pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, and requires (1) that recognition occur when the liability is both incurred and reasonably estimable; (2) the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred; (3) the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually; (4) a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays; and (5) disclosure of information concerning the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The Town plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 84, "*Fiduciary Activities*." The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The Town plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 85, "*Omnibus 2017*." The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The Town plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 86, "*Certain Debt Extinguishment Issues*." The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The Town plans to adopt this Statement as applicable by the effective date.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(15) NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The GASB has issued Statement No. 87, "*Leases*." The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The Town plans to adopt this Statement as applicable by the effective date.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgetary Amounts</u>		Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Taxes:				
Property taxes	\$ 187,500	\$ 187,500	\$ 197,772	\$ 10,272
Franchise taxes	127,000	127,000	125,220	(1,780)
Sales taxes	300,000	300,000	314,406	14,406
Other	6,000	6,000	6,682	682
Licenses and permits	48,500	48,500	58,014	9,514
Insurance licenses	98,000	98,000	108,545	10,545
Rentals	21,000	21,000	17,705	(3,295)
Fines and forfeitures	85,000	85,000	63,460	(21,540)
Interest income	1,015	1,015	955	(60)
Donations	19,500	19,500	12,866	(6,634)
Museum income	35,000	35,000	32,914	(2,086)
Other revenues	79,000	79,000	118,110	39,110
	<u>1,007,515</u>	<u>1,007,515</u>	<u>1,056,649</u>	<u>49,134</u>
<u>EXPENDITURES:</u>				
General government	618,065	618,065	551,012	67,053
Public safety	295,350	295,350	303,658	(8,308)
Clerk of court	49,100	49,100	51,149	(2,049)
Culture and recreation	35,000	35,000	29,525	5,475
Grants	10,000	10,000	18,905	(8,905)
Capital outlay	-	-	65,787	(65,787)
	<u>1,007,515</u>	<u>1,007,515</u>	<u>1,020,036</u>	<u>(12,521)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>36,613</u>	<u>36,613</u>
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>36,613</u>	<u>\$ -</u>
Fund balance, beginning of year			<u>538,083</u>	
Fund balance, end of year			<u>\$ 574,696</u>	

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgetary Amounts		Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>GENERAL GOVERNMENT:</u>				
Salaries	\$ 216,000	\$ 216,000	\$ 203,191	\$ 12,809
Repairs and maintenance	22,400	22,400	20,601	1,799
Employee insurance and benefits	74,000	74,000	73,382	618
Insurance	38,570	38,570	36,941	1,629
Accounting and auditing	11,100	11,100	11,618	(518)
Aldermen	37,000	37,000	37,523	(523)
Contract labor	41,440	41,440	34,443	6,997
Retirement	20,000	20,000	11,043	8,957
Utilities	20,000	20,000	11,885	8,115
Legal	15,500	15,500	12,240	3,260
Office supplies	6,500	6,500	6,551	(51)
Auto gas	1,500	1,500	1,366	134
Miscellaneous	52,920	52,920	30,290	22,630
Telephone	6,700	6,700	7,341	(641)
Payroll taxes	6,500	6,500	6,592	(92)
Conventions and travel	5,500	5,500	2,642	2,858
Advertising and publication	7,100	7,100	4,567	2,533
Inspections	7,500	7,500	15,580	(8,080)
St. Tammany Parish Assessor	5,960	5,960	6,930	(970)
Trustee expense	5,475	5,475	2,359	3,116
Senior citizens	4,000	4,000	3,772	228
Postage	1,800	1,800	1,097	703
Payroll processing fee	2,600	2,600	2,668	(68)
Dues and subscriptions	1,000	1,000	1,009	(9)
Auto repairs and maintenance	1,000	1,000	531	469
Janitorial expense	6,000	6,000	4,850	1,150
Total general government expenses	\$ 618,065	\$ 618,065	\$ 551,012	\$ 67,053

*Note: The Town legally adopts annual budgets for the General Fund and all Special Revenue Funds.

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
SHARED SALES TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgetary Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Taxes:				
Sales taxes	\$ 300,150	\$ 300,150	\$ 288,171	\$ (11,979)
Interest income	-	-	201	201
Total revenues	<u>300,150</u>	<u>300,150</u>	<u>288,372</u>	<u>(11,778)</u>
<u>EXPENDITURES:</u>				
Public works	214,710	214,710	142,036	72,674
Principal retirement	-	-	40,146	(40,146)
Interest on long-term debt	-	-	5,249	(5,249)
Capital outlay	<u>12,040</u>	<u>12,040</u>	<u>16,000</u>	<u>(3,960)</u>
Total expenditures	<u>226,750</u>	<u>226,750</u>	<u>203,431</u>	<u>23,319</u>
Excess (deficiency) of revenues over (under) expenditures	<u>73,400</u>	<u>73,400</u>	<u>84,941</u>	<u>11,541</u>
<u>OTHER FINANCING USES:</u>				
Transfers out	<u>(73,400)</u>	<u>(73,400)</u>	<u>(53,400)</u>	<u>20,000</u>
Total other financing uses	<u>(73,400)</u>	<u>(73,400)</u>	<u>(53,400)</u>	<u>20,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>31,541</u>	<u>\$ 31,541</u>
Fund balance, beginning of year			<u>241,628</u>	
Fund balance, end of year			<u>\$ 273,169</u>	

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
SPECIAL SALES TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgetary Amounts		Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Taxes:				
Sales taxes	\$ 289,275	\$ 289,275	\$ 314,406	\$ 25,131
Total revenues	<u>289,275</u>	<u>289,275</u>	<u>314,406</u>	<u>25,131</u>
<u>EXPENDITURES:</u>				
Public works	289,275	289,275	282,800	6,475
Culture and recreation	-	-	7,650	(7,650)
Total expenditures	<u>289,275</u>	<u>289,275</u>	<u>290,450</u>	<u>(1,175)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>23,956</u>	<u>23,956</u>
<u>OTHER FINANCING USES:</u>				
Transfers out	-	-	-	-
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>23,956</u>	<u>\$ 23,956</u>
Fund balance, beginning of year			<u>30,895</u>	
Fund balance, end of year			<u>\$ 54,851</u>	

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
CEMETERY FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgetary Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Sales of cemetery plots	\$ 68,340	\$ 21,600	\$ 21,600	\$ -
Interest income	-	154	154	-
Other revenues	-	100	100	-
Total revenues	<u>68,340</u>	<u>21,854</u>	<u>21,854</u>	<u>-</u>
<u>EXPENDITURES:</u>				
Cemetery	68,340	68,340	6,300	62,040
Capital outlay	-	-	10,243	(10,243)
Total expenditures	<u>68,340</u>	<u>68,340</u>	<u>16,543</u>	<u>51,797</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(46,486)</u>	<u>5,311</u>	<u>51,797</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (46,486)</u>	<u>5,311</u>	<u>\$ 51,797</u>
Fund balances - beginning of year			<u>220,346</u>	
Fund balances - end of year			<u>\$ 225,657</u>	

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2017*

	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
<u>Municipal Employees Retirement System of Louisiana</u>			
Town's Proportion of the Net Pension Liability	0.239050%	0.249567%	0.250750%
Town's Proportionate Share of the Net Pension Liability	\$ 1,000,047	\$ 1,022,903	\$ 895,718
Town's Covered-Employee Payroll	\$ 434,132	\$ 445,813	\$ 427,968
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	230.36%	229.45%	209.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.49%	62.11%	66.18%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.*

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF CONTRIBUTIONS - RETIREMENT PLAN
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
<u>Municipal Employees Retirement System of Louisiana</u>			
Contractually Required Contribution	\$ 99,802	\$ 87,626	\$ 95,274
Contributions in Relation to the Contractually Required Contribution	<u>(99,802)</u>	<u>(87,626)</u>	<u>(95,274)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 420,565	\$ 410,086	\$ 482,402
Contributions as a Percentage of Covered-Employee Payroll	23.73%	21.37%	19.75%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
DECEMBER 31, 2017

(1) PENSION PLAN SCHEDULES

Changes of Benefit Terms

There were no changes of benefit terms during any of the years presented.

Changes of Assumptions

Investment rate of return and inflation rate decreased to 7.4% and 2.775%, respectively, on June 30, 2017 from 7.5% and 2.875%, respectively, on June 30, 2016.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF ABITA SPRINGS, LOUISIANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Lighting Special Revenue Fund	Parks/ Playground Special Revenue Fund	2010 Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
<u>ASSETS:</u>					
Cash and cash equivalents - restricted	\$ 4	\$ 119	\$ 28,402	\$ -	\$ 28,525
Equity in pooled cash	-	-	-	46	46
Property taxes receivable, net	<u>20,848</u>	<u>41,695</u>	<u>-</u>	<u>-</u>	<u>62,543</u>
Total assets	<u>\$ 20,852</u>	<u>\$ 41,814</u>	<u>\$ 28,402</u>	<u>\$ 46</u>	<u>\$ 91,114</u>
<u>LIABILITIES:</u>					
Pooled cash in other funds	<u>\$ 13,333</u>	<u>\$ 3,581</u>	<u>\$ 1,528</u>	<u>\$ -</u>	<u>\$ 18,442</u>
Total liabilities	<u>13,333</u>	<u>3,581</u>	<u>1,528</u>	<u>-</u>	<u>18,442</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>					
Unavailable revenue - property taxes	<u>866</u>	<u>1,732</u>	<u>-</u>	<u>-</u>	<u>2,598</u>
Total deferred inflows of resources	<u>866</u>	<u>1,732</u>	<u>-</u>	<u>-</u>	<u>2,598</u>
<u>FUND BALANCES:</u>					
Restricted, reported in					
Special revenue fund	6,653	36,501	-	-	43,154
Debt service fund	-	-	26,874	-	26,874
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>46</u>	<u>46</u>
Total fund balances	<u>6,653</u>	<u>36,501</u>	<u>26,874</u>	<u>46</u>	<u>70,074</u>
Total liabilities and fund balances	<u>\$ 20,852</u>	<u>\$ 41,814</u>	<u>\$ 28,402</u>	<u>\$ 46</u>	<u>\$ 91,114</u>

TOWN OF ABITA SPRINGS, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AN CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Lighting Special Revenue Fund	Parks/ Playground Special Revenue Fund	2010 Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
<u>REVENUES:</u>					
Property taxes	\$ 25,120	\$ 50,240	\$ -	\$ -	\$ 75,360
Interest income	12	16	35	-	63
Total revenues	<u>25,132</u>	<u>50,256</u>	<u>35</u>	<u>-</u>	<u>75,423</u>
<u>EXPENDITURES:</u>					
General government	29,428	35,801	-	-	65,229
Debt service:					
Principal	-	14,000	44,000	-	58,000
Interest	-	1,423	10,663	-	12,086
Total expenditures	<u>29,428</u>	<u>51,224</u>	<u>54,663</u>	<u>-</u>	<u>135,315</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,296)</u>	<u>(968)</u>	<u>(54,628)</u>	<u>-</u>	<u>(59,892)</u>
<u>OTHER FINANCING SOURCES (USES):</u>					
Transfer in	-	-	53,400	-	53,400
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>53,400</u>	<u>-</u>	<u>53,400</u>
Net change in fund balances	(4,296)	(968)	(1,228)	-	(6,492)
Fund balances, beginning of year	<u>10,950</u>	<u>37,468</u>	<u>28,102</u>	<u>46</u>	<u>76,566</u>
Fund balances, end of year	<u>\$ 6,654</u>	<u>\$ 36,500</u>	<u>\$ 26,874</u>	<u>\$ 46</u>	<u>\$ 70,074</u>

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO COUNCIL MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Name</u>	<u>Amount</u>
Patrick Berrigan, Jr.	\$ 7,640
Ryan Murphy	7,301
Gina Kilpatrick Harper	7,640
Daniel Curtis	7,301
Leslie Welliver	<u>7,640</u>
	<u>\$ 37,522</u>

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2017

Greg Lemons, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 53,603
Benefits - insurance	-
Benefits - retirement	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	2,729
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	<hr/>
Total Compensation, Benefits and Other Payments	<u>\$ 56,332</u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor
and Members of the Board of Aldermen
Town of Abita Springs, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Audit Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Abita Springs, Louisiana (the "Town") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 15, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



To the Honorable Mayor
and Members of the Board of Aldermen
Town of Abita Springs, Louisiana
June 15, 2018

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, the Board of Aldermen, the Louisiana Legislative Auditor, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 15, 2018
Mandeville, Louisiana

Ericksen Krentel LLP
Certified Public Accountants

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017

SECTION I SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the Town of Abita Springs, Louisiana.
2. No significant deficiencies in internal control relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Town of Abita Springs, Louisiana were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. A management letter was issued for the year ended December 31, 2017.

SECTION II FINANCIAL STATEMENTS FINDINGS

N/A

TOWN OF ABITA SPRINGS, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

N/A

SECTION II - MANAGEMENT LETTER

2016-001 Long-Outstanding Checks

During our testing, we noted several outstanding checks in the Town's checking accounts that were greater than one year old at year end. These checks may be subject to Louisiana escheat laws for unclaimed property. We recommend that the Town review the long-outstanding checks and void and re-issue as necessary or report to the state as required by escheat laws.

Corrective action was taken by the Town. This issue has been resolved.



MANAGEMENT LETTER

To the Honorable Mayor and Board of Aldermen
Town of Abita Springs, Louisiana

In planning and performing our audit of the financial statements of the governmental activities and each major fund of Town of Abita Springs, Louisiana (the "Town"), as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards* we considered the Town's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

However, during our audit, we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiencies. This letter summarizes our comments and suggestions concerning this matter. This letter does not affect our report dated June 15, 2018, on the financial statements of Town of Abita Springs, Louisiana.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Town of Abita Springs, Louisiana personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

2017-001 Late Retirement Contribution

Retirement contributions are due to the Municipal Employees' Retirement System (MERS) on the 10th day of the month following month for which the retirement contributions are related. During our testing, we noted one instance in which the Town was late in submitting retirement contributions to MERS. Although the Town corrected the error immediately, the Town may incur penalties and interest in the future for late contributions. We recommend that the Town review the procedures for remitting retirement contributions to ensure timely remittances to the System.

2017-002 Utilize Summary Sheet for Telephone Quotes

During testing, we noted that the Town did not have a sheet for summarizing telephone quotes in their bid documentation. Although the Town sought three telephone quotes on purchases between \$10,000 and \$30,000, the Town only retained copies of responses to their request for quotes. Preparing a summary schedule of the Town's attempts to obtain quotes via telephone or fax could save the Town time in keeping tracking of required bid law documentation. We recommend that the Town utilize a summary sheet that details the names of companies contact, the date and time, the method of communication, and the response.



To the Honorable Mayor and Board of Aldermen
Town of Abita Springs, Louisiana
June 15, 2018
Page 2

This letter is intended solely for the information and use of Town of Abita Springs, Louisiana, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this letter is distributed by the Legislative Auditor as a public document.

June 15, 2018
Mandeville, Louisiana

Ericksen Krentel LLP
Certified Public Accountants

Town of Abita Springs, La.

TOWN CLERK
CLERK OF COURT
KATHY ARMAND

FINANCIAL CLERK
NIKI MENDOW

COUNCIL CLERK
LEANNE SCHAEFER

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PLANNING & ZONING DIRECTOR
CINDY CHATELAIN

TOWN MARSHALL
JOE CANDILORA

June 15, 2018

Louisiana Legislative Auditor

Town of Abita Springs, Louisiana respectfully submits the following corrective action plan for the year ended December 31, 2016.

Name and address of independent public accounting firm:

Ericksen Krentel & LaPorte L.L.P.
2895 Highway 190, Ste 213
Mandeville, LA 70471

Audit Period: January 1, 2017 – December 31, 2017

The finding from the December 31, 2017 management letter is discussed below. The finding is numbered consistently with the number assigned in the schedule.

SECTION II FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

SECTION III MANAGEMENT LETTER ITEMS

2017-001 Late Retirement Contribution

Recommendation: We recommend that the Town review the procedures for remitting retirement contributions to ensure timely remittances to the System.

Management's Response: Management agrees with the recommendation and will review procedures for remitting retirement contributions to ensure time remittances to the System.

2017-002 Utilize Summary Sheet for Telephone Quotes

Recommendation: We recommend that the Town utilize a summary sheet that details the names of companies contact, the date and time, the method of communication, and the response.

Management's Response: Management agrees with the recommendation and will implement a summary sheet for telephone quotes in its policies and procedures.

If there are any questions regarding this plan, please contact Greg Lemons, Mayor, at (985)-892-0711.

Sincerely,



Signature



Title



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Mayor and Board of Aldermen
Town of Abita Springs
Abita Springs, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Town of Abita Springs and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Town of Abita Springs' compliance with certain laws and regulations during the period of January 1, 2017 to December 31, 2017, in accordance with Act 774 of 2014 Regular Legislative Session. Management of the Town of Abita Springs is responsible for its financial records, establishing internal controls over financial reporting, compliance with applicable laws and regulations, and providing a corrective action plan that addresses all exceptions noted. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are detailed in Schedule "1".

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to perform and did not perform an audit, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of the Town of Abita Springs and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 15, 2018
Mandeville, Louisiana

Certified Public Accountants

TOWN OF ABITA SPRINGS
AGREED-UPON PROCEDURES
JANUARY 1, 2017 TO DECEMBER 31, 2017

Contracts

1. **Procedures:** Obtain the entity's written policies and procedures over contracting (or report that the entity does not have any written policies and procedures over contracting) and report whether those written policies and procedures address (1) types of services requiring written contracts and (2) legal review.

Results: We obtained and reviewed the Town's written policies and procedures over contracting and noted that the policy specified the types of services requiring written contracts and legal review.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

- 1) **Procedures:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) and management's representation that the listing was complete.

- 2) **Procedures:** Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period.

- a) Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- Report whether finance charges and/or late fees were assessed on the selected statements.

Results: The monthly statements were not approved in writing, however, all statements were reviewed by the Mayor and Town Clerk when signing disbursements. There were no finance charges and/or late fees assessed on the selected statements.

TOWN OF ABITA SPRINGS
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2017 TO DECEMBER 31, 2017

- 3) **Procedures:** Using the monthly statements or combined statements selected under #2 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
- a) For each transaction, report whether the transaction is supported by:
- An original itemized receipt that identifies precisely what was purchased (or equivalent documentation for fuel card purchases). In the absence of an original itemized receipt, equivalent documentation is acceptable for fuel card purchases only. Acceptable forms of equivalent documentation would include evidence that the authorized card holder(s) reviewed and approved the accuracy of transactions on the fuel card statement, in writing, prior to payment.
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: All transactions tested were supported by an itemized receipt that identified what was purchased and the business purpose. All transactions tested complied with the Louisiana Public Bid Law. One de minimis personal transaction totaling \$1.87 was noted on one card during testing, but the transaction was immediately discovered during monthly review of the credit card statement and the amount was reimbursed to the Town.

TOWN OF ABITA SPRINGS
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2017 TO DECEMBER 31, 2017

Utility Collections and Adjustments

- 1) **Procedures:** Obtain the entity's written policies and procedures over utility collections/adjustments (or report that the entity does not have any written policies and procedures over utility collections/adjustments) and report whether those written policies and procedures address receiving, recording, and preparing deposits, as well as adjustments to utility accounts.

Results: We obtained the Town's written policies and procedures over utility collections/adjustments and noted that the written policies addressed receiving, recording, and preparing deposits, as well as adjustments to utility accounts.

- 2) **Procedures:** Obtain a listing of utility collection locations and management's representation that the listing is complete. For each collection location:
- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile utility collections to the general ledger and subsidiary ledgers by a person who is not responsible for collections in the collection location.
 - c) For each utility collection location, randomly select one business day from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that utility collections are completely supported by documentation and report any exceptions.

TOWN OF ABITA SPRINGS
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2017 TO DECEMBER 31, 2017

- Using subsidiary utility account postings and/or reconciliations, identify any adjustments or write-offs to utility accounts (i.e. any customer account postings that are not supported by actual collections). Obtain supporting documentation for these adjustments/write-offs and report whether the adjustments or write-offs were performed in accordance with written policies and procedures and by someone independent of the collection and deposit process.

Results: Employees responsible for collecting cash were bonded. Employees responsible for collecting cash are not responsible for recording transactions in the general ledger, reconciling the related bank accounts, and do not share the same cash drawer as other employees. However, employees responsible for collecting cash do make deposits to the bank in a secured pouch. The Financial Clerk reviews the deposits after they are made and reconciles the subsidiary ledgers, cash drawers, and bank statements on a monthly basis.

We selected one business day and traced daily collections to the bank statement. We verified that collections were supported by documentation and identified no adjustments or write-offs to accounts.

Town of Abita Springs, La.

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CINDY CHATELAIN

TOWN MARSHALL
JOE CANDILORA

June 15, 2018

Louisiana Legislative Auditor

The Town of Abita Springs respectfully submits the following corrective action plan for items identified pursuant to the agreed-upon procedures in accordance with Act 774 of the 2014 Regular Legislative Session.

Name and address of independent public accounting firm:

Ericksen Krentel LLP
2895 Hwy 190, Suite 213
Mandeville, LA 70471

Engagement Period: January 1, 2017 – December 31, 2017

The exceptions from the Act 774 agreed-upon procedures report are discussed below:

Credit Cards/Debit Cards/Fuel Cards/P-Cards

Exceptions: The monthly statements were not approved in writing, however all statements were reviewed by the Mayor and Town Clerk when signing disbursements.

Management's Response to Exceptions: Management has noted and agrees with the above exceptions. Management will consider the effects of such exceptions and the need to enhance key controls or compensating controls in the identified areas.

If there are any questions regarding this plan, please contact Greg Lemons, Mayor at (985) 892-0711.

Sincerely,

Signature

Title